

NSC BRIEFING

27 March 1957

BACKGROUND: M.E. OIL PROFIT DIVISION

I. Enrico Mattei, ~~secretary~~ head of the Italian government-owned oil company, ENI, has for the past months been trying to gain a foothold in Middle East oil.

- 25X1C A. ~~the Shah~~ the Shah has initiated an agreement with Mattei for exploitation of a portion of new and apparently enormous Qum oil field (about 100 miles south of Teheran).
- B. The agreement calls for about 75/25% profit split (the 75% going to Iran).
- C. Iranian government is to put up 50% of capital as its share in joint venture, Italians the other 50%.
- II. Even if this deal is never consummated, it may give Mattei the weapon he needs for his fight to get into Middle East oil.
- A. Earlier this month, Mattei threatened representatives of western oil companies with "upsetting the whole applecart in the Middle East" unless they cooperate in getting the Italian company into Iran.
- B. Mattei has told one US oil company he is willing to call off whole Qum deal if he is given a small percentage of the Iranian Consortium.
- III. One that is gored in this is sacred "50-50" principal of profit-sharing in foreign oil operations.

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- A. In Mattei's proposal, profits accruing from Iran's 50% investment at Qum would go entirely to Iranian Gov't, while Gov't would also share half the profits of the Italian company's 50%. This amounts to a 75/25% split of profits.
- B. Reports of this deal will soon become common knowledge in other Middle East oil countries.
- C. Demands for renegotiating of "50-50" oil contracts in these other countries, and probably throughout the world, may well follow.

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